



Trade Makes Mississippi Strong

Mississippi gains from global trade. Trade (export and import) growth increases jobs by advancing Mississippi's manufacturers, services providers and farmers. Imports also keep costs low, helping Mississippi businesses compete and saving Mississippi families real dollars at the cash register. Foreign investment in Mississippi creates good jobs across a range of sectors.

TRADE CREATES JOBS FOR MISSISSIPPIS

Trade with the world – both exports and imports of goods and services – creates jobs in Mississippi.

- Today, trade supports **263,660 jobs** in Mississippi.
- **17.7 percent of jobs** in Mississippi are supported by trade, up from 8.6 percent in 1992.

Mississippi's Three Most Export-Intensive Industries

<u>Industry</u>	<u>% Export-Related</u>
Textiles	30%
Primary Metals	29
Chemicals	17

Trade through **Mississippi's ports** contributes \$1.4 billion to the state economy, including **34,000 jobs** with annual wages of **\$765 million**.

Trade particularly benefits employees of Mississippi's small- and mid-size companies.

- In 2004, more than **1,600 Mississippi companies** sold their products abroad.
- 1,168 exporters – **73 percent** – were **small- or mid-sized companies in 2004**.
- **Jobs in exporting plants pay on average up to 18 percent more** than similar jobs in non-exporting plants.

TEN WAYS TRADE MAKES MISSISSIPPI STRONG

Trade supports nearly one in five jobs in Mississippi.

Mississippi's exports have increased one and a half times faster than its GDP since 2002.

Jobs at exporting plants pay 18% more than at non-exporting plants.

4.9% of Mississippi's GDP was from exports in 2005.

Foreign-owned companies employ 25,000 Mississippians.

Foreign-owned firms pay workers 32% more.

Half of imports are raw materials and other items needed for manufacturing.

Marketing imports demands services, which account for 10% of Mississippi's GDP.

Import prices grow much slower than overall consumer prices, saving money for Mississippi consumers.

NAFTA worked for Mississippi. In 2005, Mississippi exports to Canada and Mexico totaled \$1.5 billion.

MISSISSIPPI'S FARMERS AND KEY INDUSTRIES GROW WITH EXPORTS

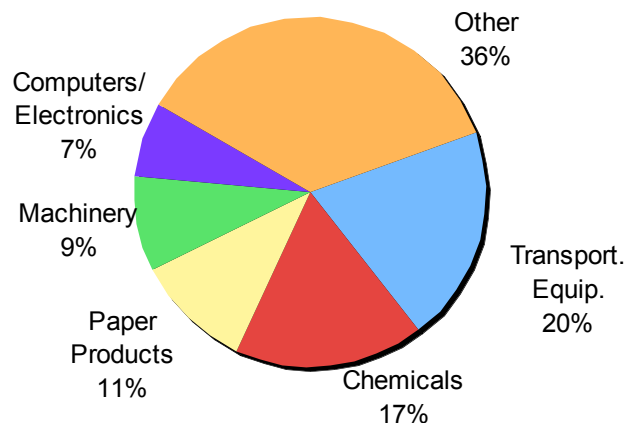
Mississippi farmers are strong exporters. The state exported **\$918 million** worth of **agricultural products** in 2005.

- Mississippi ranks among the top 10 U.S. exporters of **cotton and cottonseed** (4th), **cotton and linters** (4th), **rice** (4th), and **poultry and poultry products** (5th).

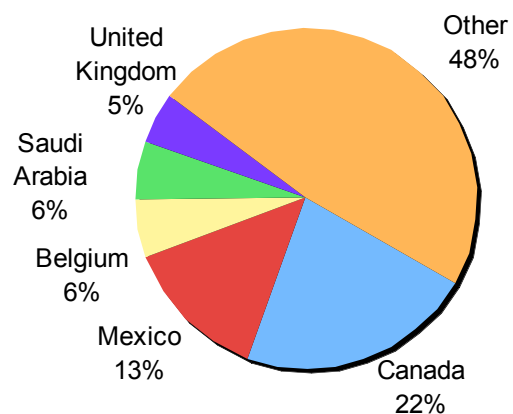
According to the U.S. Department of Commerce, Mississippi's **total exports were valued at \$4 billion** in 2005.

- Transportation equipment** was the state's leading export product in 2005, accounting for 20 percent of total exports.
- One of the fastest growing exports for Mississippi is **crop production**, which grew at an **annual rate of 31 percent** between 2001 and 2005.
- In 2005, Mississippi companies sold their products in **164 foreign markets**.
- The top export market is **Canada** (\$896m). Other leading markets include **Mexico** (\$535m) and **Belgium** (\$228m).
- The **Middle East** is an increasingly important region for Mississippi's exporters. In 2005, Mississippi companies exported **\$537 million** worth of goods to the region, compared to only \$41 million in 2000.
- The Mississippi Development Agency currently operates **foreign offices in Chile, China, and Japan**.
- In 2005, exports represented approximately **4.9 percent of Mississippi's state GDP**.
- Since 2002, exports have increased **one and a half times faster** than state GDP.

Leading Export Products



Leading Export Markets



"Mississippi is opening new doors for export opportunities among our business and industry sectors."

"We are changing the way the world views our state by growing industries not traditionally associated with the South and demonstrating the quality of our products and services to a global market."

- Leland Speed, Executive Director, Mississippi Development Agency

MISSISSIPPI WORKERS & BUSINESSES BENEFIT FROM FOREIGN INVESTMENT

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Mississippi every year, infusing both money into the local economy and keeping unemployment low.

- Foreign-owned companies employ **more than 25,000 Mississippians**, nearly three percent of all employees.
- **Manufacturing** accounts for **13,200 “insourced” jobs**, with at least **88 foreign-owned companies** from **19 countries** operating manufacturing facilities in Mississippi.
- U.S. subsidiaries of **foreign companies** pay an average compensation of \$63,428 per year, **32 percent higher** than U.S. companies.

In 2003, Nissan North America opened a new \$1.4 billion facility in Canton, MS, which had immediate impact on the state economy.

Just three years later, the plant employs 5,500 workers with an annual payroll of \$257 million and purchases from nearly 50 Mississippi-based suppliers, who in turn employ more than 5,000 people.

Nissan’s local purchasing is no mistake, as many of these companies followed Nissan to Mississippi to take advantage of its “just in time” production methods. Foreign-owned companies CalsonicKansei, Faurecia, and Yorozu now manufacture in Mississippi.

Unipres Southeast U.S.A., another foreign-owned supplier to Nissan, recent announced a \$30 million expansion to its Forest stamping facility that will create 83 new jobs for Mississippians.

Selected Corporations with Operations in Mississippi

<u>Company</u>	<u>Location</u>	<u>Employees</u>	<u>Industry</u>	<u>Country</u>
Plumrose USA	Boonesville	430	Food Products	Denmark
Faurecia Automotive	Cleveland	740	Auto Parts	France
Siemens AG	Jackson	245	Telecommunications	Germany
Techtronic Industries	Multiple (3)	850	Power Tools	Hong Kong
M-TEK Mississippi	Madison	527	Plastics	Japan
Nissan North America	Canton	5,284	Automobiles	Japan
Binswanger Mirror	Grenada	150	Glass	Mexico
Hunter Douglas	Tupelo	179	Metal Stampings	Netherlands
VT Halter Marine	Multiple (3)	730	Ship Building	Singapore
Luvata Grenada	Grenada	1,600	Heating Products	Sweden
Hanson	Multiple (7)	195	Construction Mat.	United Kingdom

“EADS North America’s decision to produce the UH-145 in Mississippi is further evidence of our industrial growth in high technology fields, and particularly in aerospace technology. We are proud of Mississippi’s success in attracting leading manufacturers like EADS North America and American Eurocopter to our great state.”

-Governor Haley Barbour, on the announcement of new production at EADS North America’s Columbus, MS facility. To meet production requirements, the company is investing \$30 million to expand its facilities and expects to hire 250 new high-tech employees.

MISSISSIPPI MANUFACTURERS NEED IMPORTS TO BE COMPETITIVE

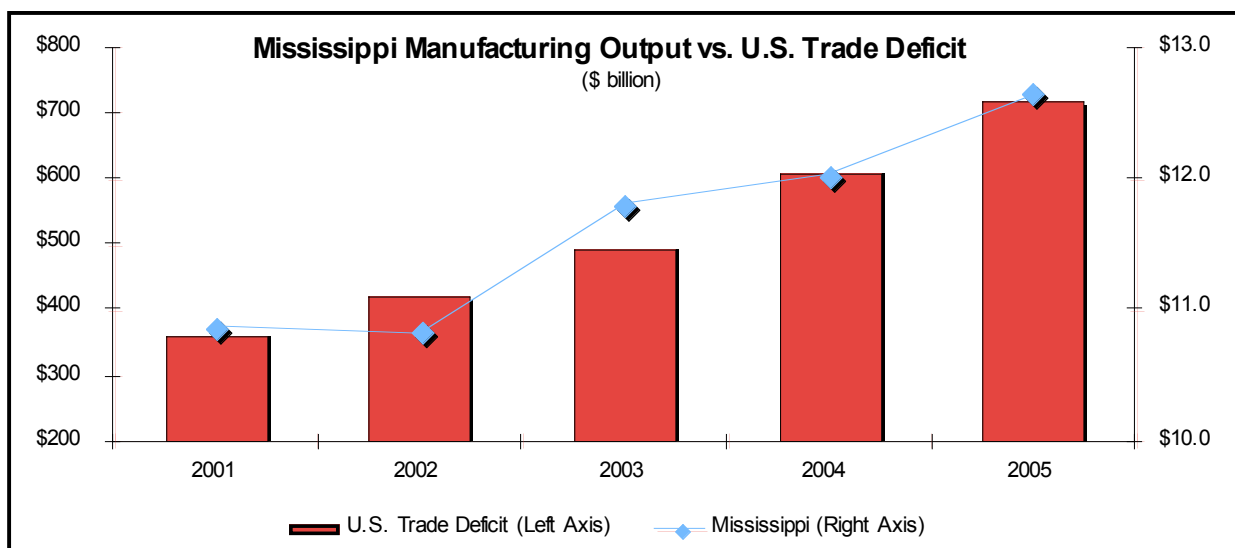
Raw materials, capital goods and industrial products used to manufacture goods in the United States account for approximately half of total U.S. merchandise imports.

- Numerous Mississippi manufacturing sectors benefit from imports.
- Manufacturers in Mississippi's struggling **furniture industry** use imported **wood and leather** to keep costs low.
- Mississippi **machinery manufacturers** import **steel** to produce industrial equipment for the U.S. market.

Capital Goods Imports Benefiting Mississippi's Manufacturers

Product	Price Change, 1996-2005
All Capital Goods	-23.4%
Electric Generators and Parts	-6.4%
Non-Electrical Machinery, (excl. Computers)	-9.4%
Business Machinery (excl. Computers)	-12.4%
Computers	-50.2%

Mississippi has experienced strong manufacturing growth despite increasing imports and national trade deficits.



MISSISSIPPI'S SERVICES INDUSTRIES BENEFIT FROM IMPORT-DRIVEN DEMAND

Numerous **services industries** benefit from business generated by imported goods, particularly at and around Mississippi's ports.

- **Professional services**, including finance and insurance, marketing, and legal services, are needed to market imported products. These industries are vital to Mississippi's growth, and account for **10 percent of state GDP**.
- Imports comprise a significant portion of Mississippi **transportation and product sales** (both wholesale and retail). These industries account for **17 percent of state GDP**.

MISSISSIPPI FAMILIES ENJOY A HIGHER STANDARD OF LIVING BECAUSE OF IMPORTS

Imports help keep prices for Mississippi families down while increasing their choices for goods and services.

- Trade helps **keep inflation in check**. Prices for widely traded consumer goods tend to rise less than prices for non-traded goods.
- Trade and investment liberalization policies are **worth over \$10,000 per year** to an average Mississippi family of four.
- Between 1990 and 2004, U.S. import prices grew at about a quarter of the rate of growth of overall consumer prices (0.6 percent per year, vs. 2.2 percent per year).

Trade and Low Inflation: Price Changes (1997-2004)

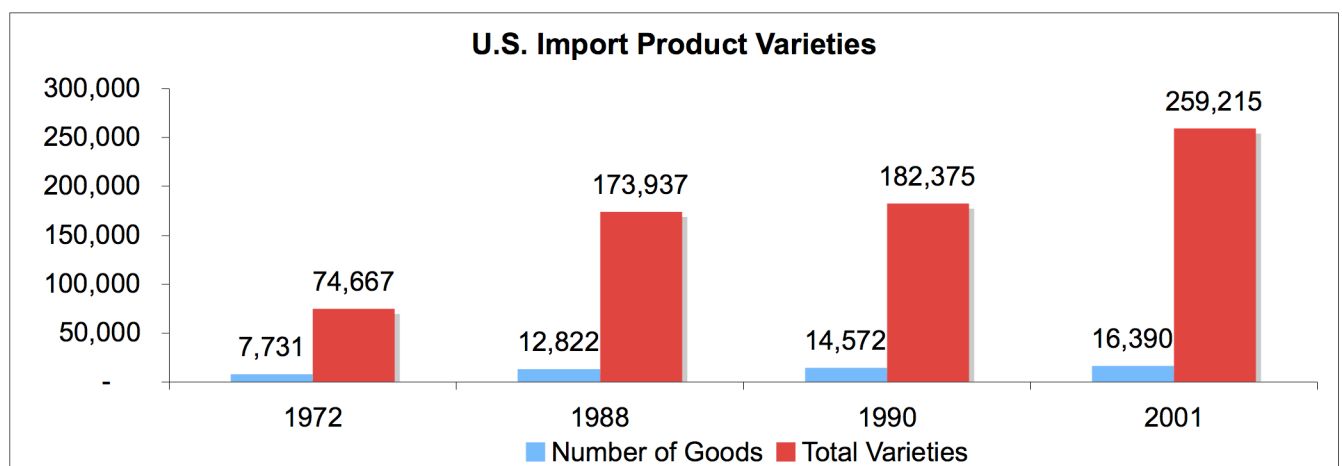
<u>Traded Goods</u>	<u>Price Change</u>
Toys	-36%
Household Appliances	-15%
Clothing	-11%
Footwear	-6%
<u>Non-Traded Goods</u>	
Milk	24%
Margarine	22%
Ice Cream	17%
Sugar	9%

The lower costs resulting from trade mean **more purchasing power** for Mississippi consumers, which is particularly important for lower income families.

- In 2005, 120,000 families in Mississippi were at or below the national poverty level (about \$20,000 per year for a family of four).
- Lower income families spend nearly three times as much on footwear and 50 percent more on apparel than upper income families spend, both goods that are largely traded.

Consumer choice increases with trade.

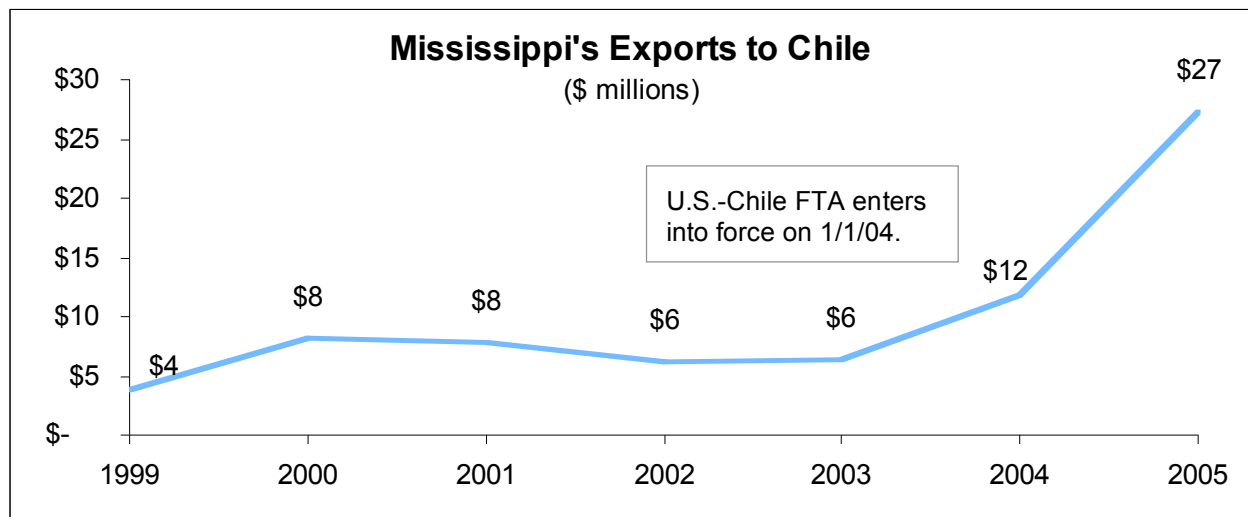
- Trade allows consumers to enjoy products with limited U.S. production (e.g., coffee) as well as out-of-season goods (e.g., strawberries in January).
- The number of product varieties imported by the United States increased fourfold over the last three decades.



MORE OF A GOOD THING FOR MISSISSIPPI – LEVELING THE TRADE PLAYING FIELD

The United States has some of the lowest trade barriers in the world. Free trade agreements level the playing field by lowering other nations' trade barriers and opening up foreign markets to U.S. exports.

- Since the **North American Free Trade Agreement** went into effect in 1994, Mississippi's exports to Canada have increased **\$563 million** (169 percent), while exports to Mexico have increased **\$451 million** (534 percent).
- In 2001, a recession year, Mississippi's total trade with **Canada** alone generated **\$1.1 billion** for Mississippi's economy and supported more than **43,000 jobs**.
- Similarly, the **U.S.-Chile Free Trade Agreement**, which went into effect on January 1, 2004, has had a significant effect on export growth from Mississippi to Chile.



SOURCES

JOBS

Laura Baughman and Joseph Francois (<http://www.businessroundtable.org>)
Mississippi Department of Transportation (<http://www.gomdot.com/ports/default.htm>)
U.S. Department of Labor (<http://www.bls.gov/lau/home.htm>)
U.S. Department of Commerce (<http://ita.doc.gov/td/industry/otea/jobs/index.html>),
(<http://ita.doc.gov/td/industry/otea/edb/index.html>)

EXPORTS

Mississippi Development Agency (<http://www.mississippi.org>)
U.S. Department of Commerce (<http://tse.export.gov>),
(<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/bea/regional/gsp/>)

FOREIGN INVESTMENT

American Eurocopter, "American Eurocopter's Columbus, Mississippi Facility To Produce EADS North America's UH-145 Light Utility Helicopter"
(<http://www.eurocopterusa.com/Media/News/NewsDetail.asp?ID=363>)
The Commercial Dispatch, "Officials applaud Eurocopter UH-145"
(http://www.cdispatch.com/articles/2006/12/11/local_news/local01.prt)
Mississippi Development Agency, "Manufacturers Database"
(<http://www.mississippi.org/manufacturers/default.aspx>)
Organization for International Investment (<http://www.ofii.org>)

IMPORTS

U.S. Department of Labor (<http://www.bls.gov/mxp/home.htm>)
U.S. Department of Commerce (<http://www.bea.gov/bea/regional/gsp/>)

STANDARD OF LIVING

Council of Economic Advisers (<http://www.gpoaccess.gov/eop/index.html>)
U.S. Department of Labor (<http://www.bls.gov/cpi/home.htm>), (<http://www.bls.gov/cex/home.htm>)
U.S. Department of Commerce (<http://www.bea.gov/>)
U.S. Census Bureau (<http://www.census.gov/hhes/www/poverty/poverty.html>)
Christian Broda and David Weinstein (http://www.ny.frb.org/research/staff_reports/sr180.html)

TRADE LIBERALIZATION

U.S. Department of Commerce (<http://tse.export.gov>)
Joseph Francois and Laura Baughman (http://tradepartnership.com/pdf_files/2004_Canada_Jobs.pdf)

Contact: Brigitte Schmidt Gwyn
Director, International Trade & Fiscal Policy
Business Roundtable
202.496.3263
bgwyn@businessroundtable.org



Business Roundtable

<http://trade.businessroundtable.org>